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Acting State Budget  
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Governor's Office for Policy and Management  
Governor's Office for Economic Analysis  
Governor's Office for Policy Research

TO: All Executive Branch Cabinets, Departments and Agencies

FROM: Mary Lassiter, Acting State Budget Director  
Governor's Office for Policy and Management

DATE: July 23, 2003

SUBJECT: 2004-2006 Executive Branch Budget Instructions

Enclosed is the 2004-2006 Executive Branch Budget Request Manual. The Manual has been prepared in accordance with KRS 48.040, which provides that "...the legislative research commission shall prescribe uniform forms, records, and instructions to be issued by branch budget units."

It is essential that all agency personnel involved in the budget preparation process fully understand the instructions contained in the Manual. The Governor's Office for Policy and Management, through your Policy and Budget Analyst, stands ready to assist you with this process. Training for agencies in the required use of BRASS software is being coordinated by this office and will be provided in late August and early September. We will notify your fiscal officer(s) of the dates and times for this training.

The Legislative Research Commission has directed that the construct for budget requests be changed significantly for the 2004-2006 biennium in an effort to bring more focus to the base budgets of state agencies. The concept of a current services request has been replaced with three distinct categories of request: baseline budget, defined calculations budget, and growth budget. Baseline budget, for all funds, for both FY 05 and FY 06, is defined to be FY 04 appropriations, as revised. The defined calculations budget request is defined to include all increased costs above the baseline directly attributable to mandated rate increases that are beyond an agency's control (i.e., salary policy, employer contributions for retirement, health insurance costs, etc.). The growth budget request is defined to include increased costs of an agency related to the natural growth of the programs it operates within its current scope and mission.



In addition, additional focus has been placed on the amount and level of programmatic information that is provided with the request. Agencies are requested to provide information for discrete activities below the levels at which information was submitted in the budget request process for FY 02 – 04.

A third significant change in this process is the date for which the “snapshot” is taken for personnel data. For the 2004-2006 biennial budget process, personnel information will be captured on August 1, 2003. In addition, adjustments will be made to reflect the Executive Branch’s adherence to the one thousand employee reduction in the state workforce initiated by Executive Order 2002-1334 and included in the enacted budget, HB 269. Relatedly, specific information is requested related to actions agencies have taken to comply with the management and cost-saving measures included the Executive Order and HB 269.

Specific aids to calculation have been provided as part of the Manual with regard to personnel increment policies, related fringe benefit allowances, and motor pool charges. Specific guidelines with regard to health insurance rate increases, workers compensation premium calculations, Governor’s Office for Technology (GOT) charges, facilities rentals, utility rates, debt service templates, and other rates which apply to all agencies will be provided at a later date under separate cover.

The Governor’s Office for Policy and Management deadline for revising each agency’s budget request structure (the level at which all budget request forms are completed) is August 8, 2003. The instructions include a deadline of August 15, 2003 for agencies to submit the crosswalk of accounting system code combinations that relate to agency selected discrete activity/unit items that will be a part of the agency budget request.

All Executive Branch cabinets, departments, and agencies should provide the required budget request forms, attachments, and supporting documentation for both the capital budget and the operating budget no later than Monday, November 3rd. All submitted materials, both in electronic and hard copy form, need to be forwarded to the Governor's Office for Policy and Management in Room 284 of the Capitol Annex Building. Two complete sets of the printed record must be furnished to both the Governor's Office for Policy and Management and the Legislative Research Commission. One electronic record of each agency's biennial budget request in the BRASS software will be submitted to the Governor's Office for Policy and Management and the Legislative Research Commission.

We very much appreciate your cooperation in this endeavor.

Enclosure

cc: The Honorable Paul E. Patton  
The Honorable Richie Sanders  
The Honorable Harry Moberly, Jr.  
Ed Ford, Secretary, Executive Cabinet  
Gordon C. Duke, Secretary, Finance and Administration Cabinet